MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK

FINANCIAL STATEMENTS

YEAR END AUGUST 31, 2018

CliftonLarsonAllen LLP

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Make-A-Wish® Foundation of Northeast New York
Albany, New York

We have audited the accompanying financial statements of Make-A-Wish® Foundation of Northeast New York, which comprise the statements of financial position as of August 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish® Foundation of Northeast New York as of August 31, 2018, and change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
January 29, 2019

MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018

ASSETS		
Cash and Cash Equivalents	$	673,769
Investments		2,986,407
Endowment Assets Held by Related Entity		139,214
Due from Related Entities		4,589
Prepaid Expenses		17,693
Contributions Receivable, Net		492,200
Property and Equipment, Net		65,433
Total Assets	$	4,379,305
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$	97,665
Accrued Pending Wish Costs - Cash		155,257
Accrued Pending Wish Costs - In-Kinds		71,487
Due to Related Entities		16,334
Other Liabilities		5,000
Total Liabilities		345,743
NET ASSETS		
Unrestricted		3,475,548
Temporarily Restricted		297,179
Permanently Restricted		260,835
Total Net Assets		4,033,562
Total Liabilities and Net Assets	$	4,379,305

See accompanying Notes to Financial Statements.

MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	$ 1,453,525	$ 68,884	$ (3,340)	$ 1,519,069
Grants	180,550	-	-	180,550
Total Public Support	1,634,075	68,884	(3,340)	1,699,619
Internal Special Events	487,292	-	-	487,292
Less: Costs of Direct Benefits to Donors	(78,628)	-	-	(78,628)
Total Special Events	408,664	-	-	408,664
Change in Endowment Assets Held by National	-	12,569	-	12,569
Investment Income, Net	336,019	-	-	336,019
Other Income	3,213	-	-	3,213
Net Assets Released from Restrictions	136,790	(136,790)	-	-
Total Revenues, Gains, and Other Support	2,518,761	(55,337)	(3,340)	2,460,084
EXPENSES				
Program Services:				
Wish Granting	1,340,642	-	-	1,340,642
Total Program Services	1,340,642	-	-	1,340,642
Support Services:				
Fundraising	544,594	-	-	544,594
Management and General	165,066	-	-	165,066
Total Support Services	709,660	-	-	709,660
Total Program and Support Services Expense	2,050,302	-	-	2,050,302
CHANGE IN NET ASSETS	468,459	(55,337)	(3,340)	409,782
Net Assets - Beginning of Year	3,007,089	352,516	264,175	3,623,780
NET ASSETS - END OF YEAR	$ 3,475,548	$ 297,179	$ 260,835	$ 4,033,562

See accompanying Notes to Financial Statements.

MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	409,782
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization		21,898
Bad Debt Expense		1,600
Net Realized and Unrealized Gains on Investments		(292,137)
Change in Discount to Present Value of Contributions Receivable		(20,085)
Change in Endowment Assets Held by National		(12,569)
Contributions to Endowment Assets Held by National		(52,938)
Changes in Assets and Liabilities:		
Contributions Receivable		85,760
Due from Related Entities		15,302
Prepaid Expenses		6,592
Accounts Payable and Accrued Expenses		37,056
Accrued Pending Wish Costs		(86,714)
Due to Related Entities		6,649
Other Liabilities		5,000
Net Cash Provided by Operating Activities		125,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments		(222,599)
Proceeds from Sales of Investments		489,957
Purchases of Property and Equipment		(8,009)
Net Cash Provided by Investing Activities		259,349
NET INCREASE IN CASH AND CASH EQUIVALENTS		384,545
Cash and Cash Equivalents - Beginning of Year		289,224
CASH AND CASH EQUIVALENTS - END OF YEAR	$	673,769

See accompanying Notes to Financial Statements.

MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018

	Program Services	Support Services			
	Wish Granting	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	$ 767,616	$ -	$ -	$ -	$ 767,616
Change in Pending Wish Liability	(86,714)	-	-	-	(86,714)
Salaries, Taxes, and Benefits	408,034	257,589	85,881	343,470	751,504
Printing, Subscriptions, and Publications	9,392	30,653	1,688	32,341	41,733
Professional Fees	55,273	17,640	14,265	31,905	87,178
Rent and Utilities	43,853	15,816	12,221	28,037	71,890
Postage and Delivery	7,238	9,822	108	9,930	17,168
Travel	12,018	8,766	5,566	14,332	26,350
Meetings and Conferences	12,246	153,033	3,377	156,410	168,656
Office Supplies	8,414	1,300	1,459	2,759	11,173
Communications	29,930	6,554	5,019	11,573	41,503
Advertising and media	3,850	18,135	-	18,135	21,985
Repairs and Maintenance	13,904	516	943	1,459	15,363
Bad Debt expense	-	-	1,600	1,600	1,600
Membership Dues	546	285	585	870	1,416
National Partnership Dues	54,802	12,551	9,699	22,250	77,052
Miscellaneous	240	11,934	757	12,691	12,931
Depreciation and Amortization	-	-	21,898	21,898	21,898
Special Event Expenses	-	78,628	-	78,628	78,628
Total Expenses	1,340,642	623,222	165,066	788,288	2,128,930
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(78,628)	-	(78,628)	(78,628)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 1,340,642	$ 544,594	$ 165,066	$ 709,660	$ 2,050,302

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Make-A-Wish® Foundation of Northeast New York (Foundation) is a New York nonprofit corporation, organized for the purpose of creating life changing wishes for children with critical illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of trustees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2018 is $352,035 of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

Property and Equipment, Net

Property and equipment having a unit cost greater than $1,000 and a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred. Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs - Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

Level 3 Inputs - Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

See additional information in Note 3.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets –** Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets –** Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets –** Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received in-kind contributions of assets and services and materials that are reported in the statement of activities as follows at August 31, 2018:

	Programs	Fundraising	Management and General	Total
Wish Related	$ 291,426	$ -	$ -	$ 291,426
Total Program and Support Service Expenses	$ 291,426	$ -	$ -	$ 291,426

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Advertising and media is used to help the Foundation communicate its message or mission and includes fund raising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes.

Donated advertising and media are reported as contribution revenue and fundraising or public information [if allocated as a joint cost] expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New York State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and of the New York State tax code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2018. The Foundation files income tax returns in the U.S. federal jurisdiction, applicable state jurisdictions.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with critical illnesses, the implementation of programs supporting the identification of wish candidates, and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following table as of August 31, 2018 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will have growth of principal, preservation of purchasing power and sufficient liquidity to meet all expected and unexpected cash flow needs. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and the use of an investment manager. Major investment decisions are authorized by the board's Audit and Finance committee which oversees the Foundation's investment program in accordance with established guidelines.

Fair Value Hierarchy

The following table presents the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2018:

	Fair Value Measurements at August 31, 2018 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	$ 1,672,642	$ -	$ -	$ 1,672,642
Bonds	64,012	-	-	64,012
Exchange-Traded Funds:				
Domestic Equity	857,015	-	-	857,015
Debt Securities:				
U.S. Treasury	-	245,304	-	245,304
Corporate	-	147,434	-	147,434
Endowment Held by National	-	-	139,214	139,214
Total Recurring	$ 2,593,669	$ 392,738	$ 139,214	$ 3,125,621

For the valuation of Level 2 investments at August 31, 2018, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of Level 3 investments at August 31, 2018, the Foundation used significant unobservable inputs (Level 3).

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2018:

Balance - Beginning of Year	$ 73,707
Total Gains (Realized/Unrealized) Included in Changes in Net Assets	12,569
Contributed Endowment Funds	52,938
Balance - End of Year	$ 139,214
Change in Unrealized Gains for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	$ 12,569

Total investment income, gains, and losses for the year ended August 31, 2018 consist of the following:

Interest and Dividend Income	$ 53,880
Realized and Unrealized Gains, Net	292,137
Less: Investment Expenses	(9,998)
Investment Income, Net	$ 336,019

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 5% at August 31, 2018. The following is a summary of the Foundation's contributions receivable at August 31:

Total Amounts Due in:	
Within One Year	$ 214,638
One to Five Years	301,896
More than Five Years	31,070
Gross Contributions Receivable	547,604
Less: Discount to Present Value	(55,404)
Contributions Receivable, Net	$ 492,200

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31:

Corporate, Online, Whitemail, and General Contributions	$	236,410
Grants		1,200
Other		4,129
Total Distributions Received	$	241,739

These amounts are recorded in the statement of activities as public support revenue.

The Foundation paid to the National Organization the following amounts for the year ended August 31:

Chapter Dues	$	77,052
Total Amounts Paid	$	77,052

Amounts due from and to related entities are as follows:

Balance - August 31, 2018:		
Due from National Organization	$	4,589
Endowment Assets Held By National		139,214
Total Due from Related Entities	$	143,803
Due to National Organization	$	14,448
Due to Other Chapters		1,886
Total Due to Related Entities	$	16,334

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end and the endowment fund. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation. Amounts due to the National organization generally represent unpaid chapter dues and services.

During 2018, the Foundation received contributions, both cash and in-kind, from board members totaling $65,074. Amounts paid to related parties for goods and services used in the Foundation's operations totaled $56,450 in 2018.

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2018 consists of the following:

Computer Equipment and Software	$	63,256
Office Furniture		18,557
Leasehold Improvements		79,416
		161,229
Less Accumulated Depreciation and Amortization		(95,796)
Property and Equipment, Net	$	65,433

Depreciation and amortization expense totaled $21,898 for the year ended August 31, 2018.

NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is, therefore, not accrued as a pending wish. This accrual does not represent a legally binding liability but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization’s wish granting policy,
5. The wish is expected to be granted within the next 12 months.

Estimated cash and in-kind costs are accrued as pending wish liability at year-end for all reportable approved pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise those in-kind goods or services, are received. Although not fully guaranteed, if the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2018 would increase by $14,749 resulting in adjusted net assets of $4,048,311.

In 2018, the Foundation made a change in calculation of accrued pending wish costs. The change simplified the methodology to more closely align the calculation with criteria five “The wish is expected to be granted in the next 12 months.” The Foundation limited the number of wishes anticipated to be completed to the lesser of approved wishes or the historical average of wishes granted in the past three years. As a result, the organization may have experienced a change in liability beyond the change in approved wishes.

NOTE 8 LEASES

The Foundation is obligated under an operating lease for office space, which expires on November 30, 2021. Total rent expense for the operating lease for the year ended August 31, 2018 totaled $59,518.

Future minimum lease payments under the operating lease are as follows:

Year Ending August 31,	Operating Leases
2019	$ 61,200
2020	61,200
2021	61,200
2022	15,300
Thereafter	-
Total Minimum Lease Payments	$ 198,900

NOTE 9 ENDOWMENT

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of two donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected in cash and endowment assets held by related entity.

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the New York UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 9 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment fund composition by type of fund as of August 31, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 12,569	$ 126,645	$ 139,214
Total Funds	$ -	$ 12,569	$ 126,645	$ 139,214

Changes in endowment funds for the year ended August 31, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	$ -	$ -	$ 106,514	$ 106,514
Investment Return:				
Investment Income	-	685	-	685
Net Appreciation (Realized and Unrealized)	-	6,587	-	-
Total Investment Return	-	7,272	-	7,272
Reclassification of Gains and Losses from Operating Net Net Assets to Endowment	-	5,297	-	5,297
Contributions Received	-	-	20,131	20,131
Endowment Net Assets - End of Year	$ -	$ 12,569	$ 126,645	$ 139,899

NOTE 9 ENDOWMENT (CONTINUED)

Fund Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, there are no fund deficiencies as of August 31, 2018.

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2018:

Time Restrictions	$	227,872
Purpose Restrictions		56,738
Endowment Earnings		12,569
Total Temporarily Restricted Net Assets	$	297,179

For the year ended August 31, 2018, permanently restricted net assets are restricted to:

Time Restrictions (Pledge)	$	134,190
Assets Held in Perpetuity		126,645
Total Permanently Restricted Net Assets	$	260,835

NOTE 11 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation will contribute 2.0% of base salary that an employee contributes to his/her 403(b) account; the Foundation will contribute an additional 0.5% up to 1.0%. Thus, the Foundation will contribute a maximum of 3.0% of base salary to an employee's 403(b) account. Foundation contributions to the Plan for the year ended August 31, 2018 were $14,210.

NOTE 12 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of $250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

NOTE 12 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

In-kind contributions totaling $244,142 were received from a single donor for the year ended August 31, 2018, which represents 14% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 LITIGATION AND CLAIMS

The Foundation may be, from time-to-time, involved in litigation and claims arising in the ordinary course of business. In the opinion of management, there is no pending litigation that would have a material adverse effect on the Foundation’s financial position, change in net assets, or liquidity.

NOTE 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 29, 2019, the date at which the financial statements were available to be issued.

CliftonLarsonAllen

A member of Nexia International